

**CWA'S Concerns
Regarding: HB NO. 4314**

There are several proposed revisions of HB 4314 that have unintended consequences for Michigan Consumers. Given that Michigan still has approximately four million landlines, some of these proposed changes are very drastic. Implementation of these changes would be detrimental to the Citizens and Telecom Workers of the State of Michigan. Now is not the time to remove these important protections.

The elimination of all service quality rules would eliminate the Commission oversight of service quality. Customers will turn to their Legislators, the Governor and the Attorney General for resolution if the complaint cannot be satisfactorily addressed by their provider. In order to provide good service, providers still need to track their own performance. The standards require providers to report service outages to the Commission, make emergency repairs and install service within a designated time frame, and also to respond to the Commission when it receives a complaint within ten business days. The service quality rules serve as protections to Consumers and Workers.

The elimination of consumer protections in Section 502 and elimination of the billing rules as provided for in Section 314 would eliminate the rights of Consumers and would include requirements that prohibit a provider from charging an end user after the date that service was canceled, making false, misleading or deceptive representations regarding service and setting the circumstances under which a provider can shut off service to a Customer and restore service. Any elimination of these sections removes Commission authority to handle complaints regarding these issues. These provisions afford protections to Consumers and Workers.

The elimination of primary basic local exchange service (PBLES), together with repeal of Section 304, primary basic local exchange service will no longer be required to be offered by a provider of residential service. Section 102(y) defines PBLES as the provision of 1 primary access line to a residential customer for voice communication and shall include all of the following: not fewer than one hundred outgoing calls per month; not less than 12,000 outgoing minutes per month; unlimited incoming calls. It is the only retail offering in which the Commission has the jurisdiction to regulate the rate. During the 2005 rewrite, Commission oversight of larger calling plans was eliminated, as it was determined that PBLES would be left available as an affordable and reliable option for elderly and low income residents.

The repeal of Section 306 would also eliminate any requirement that at least one toll provider offer service in an exchange.

The elimination of cost and imputation requirements would eliminate the requirement that providers charge rates not less than the "total service long-run incremental cost" of the service is important to prevent anti-competitive/predatory pricing. Pricing a service below cost may be attractive to Customers in the short term. However, such pricing has a detrimental effect on competition. Once an area ceases to have competitive options, the monopoly provider could then raise rates to unreasonable levels without fear of losing Customers. While mobile, wireless or VOIP service may be competitive alternatives for some these services are not true competitive alternatives for all Customers (e.g. areas with poor coverage, issues with reaching 9-1-1). While protecting Customers and preventing anti-competitive behavior, the TSLRIC methodology also ensures that providers are able to recover their costs for providing service. Imputation criteria remain important to prevent anti-competitive behavior in an industry that has seen the consolidation of the local and toll markets into one in which a provider offers both types of service. For example, imputation requirements ensure that a provider cannot price its retail toll service offered to Customers at prices lower than the cost charged to providers buying toll as a wholesale arrangement. These provisions offer protections to businesses especially small upstart businesses.

The amendment to discontinuance of service language would allow a provider to discontinue service to an exchange if "comparable voice service" offered through any technology is available in the exchange. This would include VOIP and wireless, services the Commission has no oversight to regulate. This would basically allow all landline providers to withdraw from an exchange, leaving potentially only an unregulated wireless or VOIP provider in its place, which are not functional equivalents of landline service.

We would seriously like you to consider these issues prior to casting your support for this bill.

Respectfully submitted,
CWA Unified Council of Michigan